

**GOVERNMENT OF INDIA  
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION  
LOK SABHA**

UNSTARRED QUESTION NO:1090  
ANSWERED ON:22.11.2016  
Kerosene Subsidy through DBT  
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**Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:**

- (a) whether the Government is planning for providing kerosene subsidy through direct benefit transfer basis, if so, the details thereof and the reasons therefor;
- (b) the names of districts wherein the DBT in kerosene has been implemented so far, State-wise and the names of districts which are going to be covered under the DBT in kerosene in the coming years, State-wise;
- (c) whether the Government has received complaints on large scale pilferage of subsidised kerosene and if so, the details thereof;
- (d) whether the Government is losing more than Rs. 500 crores per annum of subsidy thereof; and
- (e) if so, action proposed to be taken therefor?

**Answer**

MINISTER OF STATE FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION  
(SHRI C. R. CHAUDHARY)

(a): Ministry of Petroleum & Natural Gas had sent communication to all States/UTs proposing implementation of Direct Benefit Transfer in PDS Kerosene (DBTK). Under the DBTK, PDS Kerosene is sold to the identified beneficiaries at non-subsidized rates and the applicable subsidy is directly transferred into the bank account of the beneficiaries.

(b): Jharkhand has become the first State in the country to implement DBTK from 01.10.2016 in four districts namely; Chhatra, Hazaribagh, Jamtara and Khunti. Further, State Governments of Gujarat, Madhya Pradesh, Chhattisgarh, Maharashtra, Rajasthan and Himachal Pradesh have indicated their willingness to implement DBTK.

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(c) to (e): Public Distribution System (PDS) kerosene is supplied to the Kerosene Dealers from the Marketing Installation by Public Sector Oil Marketing Companies (OMCs). Distribution of PDS kerosene within the State to the ration card holders through ration shops/retailers is done through the State Government. The State Civil Supplies Authorities make arrangements that the product uplifted is delivered to the fair price shops and to the intended beneficiaries.

In order to check the black marketing of PDS kerosene, the Central Government have made provisions in the Kerosene (Restriction on Use and Fixation of Ceiling Price) Order, 1993, issued under the Essential Commodities Act, 1955, as per which dealers have to sell PDS Kerosene at a price fixed by the Government or OMCs and have to prominently display stock-cum-price board at the place of business including the place of store at a conspicuous place. Further, PDS kerosene released is dyed with blue dye to facilitate detection of PDS kerosene in non-PDS uses. Under this Control Order, State Governments are also empowered to take action against those indulging in black-marketing and other irregularities.

Field Officers of OMCs inspect the Kerosene Dealerships and check for irregularities like non-observance of Government/OMCs regulations, black marketing/overcharging, unauthorized purchase and stock variation. In case of any irregularities, action is taken as per the Marketing Discipline Guidelines (MDG).

OMCs hosted a web portal which enables public access to the movement of PDS Kerosene tank trucks. It provides details of the tank truck movement carrying PDS Kerosene from their Dispatch Units/ Depots/ Installations to the various dealers along with their names, invoice number, quantity of product, time of dispatch, tank truck number, etc. on the websites on real time basis.

Direct Benefit Transfer in PDS kerosene (DBTK) Scheme has been initiated by the Government for bringing reforms in Kerosene Subsidy Regime and to ensure that genuine beneficiaries get the benefit of subsidy while preventing diversion and to streamline Public Distribution System Superior Kerosene Oil (PDS SKO) distribution. As per the provisions of DBTK Scheme, the States/UTs would be given cash incentive of 75% of subsidy savings during the first two years, 50% in the third year and 25% in the fourth year. In case the States voluntarily agree to undertake cuts in kerosene allocation, beyond the savings due to DBT, a similar incentive would be given to those States/Union Territories (UTs). The calculation will be based on net savings in kerosene consumption at State level from the baseline. The baseline for calculation of savings shall be 90% of the 2015-16 allocation.

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